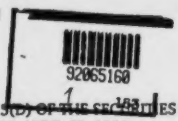
0 11318
0-35539

A
92-2251

9/4

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



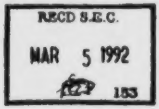
FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD APRIL 30, 1991

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission File No. 0-11984



BRANIFF, INC.
(Exact name of Registrant as specified in its charter)

Nevada	255 South Orange Avenue, Suite 875 Orlando, Florida 32801-3752	75-1918378
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including Zip Code)	(I.R.S. Employer Identification No.)

Registrant's telephone number, including area code: (407) 856-8000

9955 Benford Road
P.O. Box 328099
Orlando, FL 32862
(Former name, former address and former if changed since last report)

PROCESSED BY
MAR 12 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES (1) NO_____

On March 1, 1992 three were 14,755,802 shares of Common Stock issued and outstanding.

---

(1) Concurrently herewith the Registrant is filing all delinquent reports required to be filed by the Registrant pursuant to Section 13 of the Securities Exchange Act of 1934.

BEST COPY
AVAILABLE

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BRANIFF, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	April 30, 1991	January 31, 1991
	(In thousands)	
ASSETS:		
Current assets		
Cash and short term investments	$ 934	$ 928
Cash and equivalents held in escrow	40,119	39,785
Accounts receivable	24,646	27,748
Inventories	1,118	1,187
Prepaid expenses	1,576	1,771
TOTAL CURRENT ASSETS	68,393	71,419
Property and equipment at cost		
Flight equipment	26,640	27,193
Ground property and equipment	4,620	5,502
Total property and equipment	31,260	32,695
Less:		
Accumulated depreciation & amortization	3,359	3,005
Reserve for loss on disposition of assets	11,666	11,880
	16,235	17,810
Equipment purchase deposits	8,746	8,746
NET PROPERTY & EQUIPMENT	24,981	26,556
Other assets		
LONG-TERM DEPOSITS	9,609	9,808
OTHER	1,700	1,880
TOTAL ASSETS	$ 104,683	$ 109,663

BRANIFF, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	April 30, 1991	January 31, 1991
	(In thousands)	
LIABILITIES:		
Current liabilities		
Accounts Payable		
U.S. transportation taxes	$ (102)	$ (103)
Other	7,571	7,975
Accrued compensation	5,111	5,116
Accrued aircraft rental	8,405	8,405
Accrued interest	404	404
Accrued legal fees	2,056	2,488
Air traffic liability	1,059	1,046
Other accrued liabilities	2,093	2,541
Total current liabilities	26,597	27,872
Estimated pre-petition liabilities subject to Chapter 11 reorganization proceedings	335,520	336,814
Preferred stock - Series B	1,971	1,971
Stockholders' equity (deficiency)		
Stock appreciation right	5,250	5,250
Preferred stock, $0.50 par value (authorized 20,000,000 shares; issued and outstanding, 1,000 shares - Series A)	1	1
Common stock, $0.01 par value (authorized 200,000,000 shares; 14,755,699 issued and outstanding)	147	147
Warrants	9,055	9,055
Additional paid-in capital	27,848	27,848
Accumulated deficit	(301,706)	(299,295)
Total stockholders' equity (deficiency)	(259,405)	(256,994)
Total liabilities	$ 104,683	$ 109,663

BRANIFF, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended April 30, 1991	1990
	(In thousands except per share amounts)	
Operating revenues:		
Passenger	$ 0	$ 0
Cargo and mail	0	0
Contract services & other	(1)	183
Total Operating Revenue	(1)	183
Operating expenses:		
Flying and ground operations	(15)	1,259
Aircraft fuel, oil and taxes	(109)	(44)
Maintenance	18	117
Sales and advertising	90	37
Depreciation & amortation	99	1,002
General & Administration	2,026	3,551
Total Operating Expenses	2,109	5,922
Operating loss	(2,108)	(5,739)
Nonoperating income (expense):		
Interest income	149	29
Interest expense - net	0	(2,511)
Special charges due to bankruptcy	0	(30,023)
Other - net	(453)	2,754
Total nonoperating income (expense) - net	(304)	(29,751)
Income (loss) before income taxes	(2,412)	(35,490)
Income taxes	0	0
Net loss	$ (2,412)	$ (35,490)
Loss per share amounts:		
Primary and fully diluted	$ (0.17)	$ (2.41)

BRANIFF, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended April 30	
	1991	1990
	(In Thousands)	
Cash flows from operating activities:		
Net (Loss) Income	$ (2,411)	$ (35,490)
Adjustments to reconcile net loss to cash provided by operations:		
Depreciation and amortization	98	950
Gain/loss on sales of property/plant/equip		3,097
Write off gates at Kansas City, MO	0	27,430
Forgiveness of Debt		0
Reserve for loss on disposition of assets	256	0
Other		(92)
(Increase) decrease in assets:		
Account Receivable	3,102	(4,484)
Inventories	15	(32)
Prepaid Expenses	195	654
Other Assets	150	590
(Increase) decrease in liabilities:		
Accounts payable	(403)	56
Accrued compensation	(5)	(929)
Accrued interest	0	2,511
Accrued legal fees	(432)	
Other Accrued Liabilities	(448)	5,022
Air Traffic liability		(1,358)
Other	(1,082)	0
Net cash provided by (used for) operating activities	(965)	(2,075)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,300	0
Capital expenditures	5	601
Additions to fleet integration costs		(318)
Net cash provided by (used for) investing activities	1,305	283
Cash flows from financing activities:		
Repayment of Debt		(1,133)
Cash paid to holders of preferred stock		
Net cash provided by (used for) financing activities		(1,133)
Net decrease in cash and cash equivalents	340	(2,925)
Cash & cash equivalents at beginning of period	40,713	4,428
Cash & cash equivalents at end of period	$ 41,053	$ 1,503

(2)

BRANIFF, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. - Chapter 11 Reorganization

On September 28, 1989, Braniff, Inc. ("Braniff" or the "Company") filed a voluntary petition in the United States Bankruptcy Court for the Middle District of Florida, Orlando Division (the "Bankruptcy Court") seeking to reorganize under Chapter 11 of the Federal Bankruptcy Code (the "Code") and is currently operating its business as a debtor-in-possession under the Code, whereby Braniff is authorized to operate its business, but may not engage in transactions outside of the ordinary course of business without approval, after notice and hearing, of the Bankruptcy Court. The filing for protection under the Code was necessary due to a severe liquidity problem.

The filing by Braniff of its voluntary petition for reorganization operated as an automatic stay against the commencement or continuation of any judicial, administrative or other proceedings against Braniff, any act to obtain possession of property of or from Braniff, or any act to create perfect or enforce any lien against property of Braniff, with certain exceptions under the Code. Consequently, Braniff's creditors are prohibited from attempting to collect pre-petition debts without the consent of the Bankruptcy Court. Any creditor may seek relief from the automatic stay and, if applicable, enforce a lien against any security, if authorized to do so by the Bankruptcy Court.

Braniff had the exclusive right for 120 days after the filing of its Chapter 11 petition to file a plan of reorganization, which time has been extended to March 12, 1992.

During the period September 28, 1989 to November 6, 1989, Braniff continued to operate as a scheduled service carrier. On November 6, 1989, Braniff suspended scheduled service operations because such operations were not profitable. Braniff continued to operate a very limited charter service until December 24, 1989 at which point all operations were suspended. Braniff has been in the process of an orderly liquidation since that date, however no plan of reorganization has yet been approved. Prior to the Chapter 11 filing on September 28, 1989, Braniff had approximately 4,800 employees. As of January 31, 1992, Braniff had approximately 11 employees.

The accompanying financial statements have been prepared on a historical cost basis of accounting except as noted below. As a result of the reorganization proceedings, Braniff may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts (except a reserve for loss on disposition of fixed assets was established to reflect the expected fair market value of those assets), or the amounts and classifications of liabilities that may be necessary as a result of the on-going Chapter 11 proceedings and related matters. It is possible that assets may be liquidated for amounts significantly different from amounts reflected in the financial statements. Additionally, the on-going costs of the Chapter 11 administration, including professional fees, will likely be substantial. Braniff wrote-off goodwill ($64.0 million), fleet integration costs ($6.8 million) and debt issuance costs ($6.2 million).

Pursuant to a letter agreement dated March 22, 1990, which was approved by the Bankruptcy Court on April 23, 1990, the Company agreed to sell to BN Air, Inc., subject to their transferability, certain operating assets of the Company, including the Braniff trade name, Department of Transportation and Federal Aviation Administration operating certificates, various operating and maintenance manuals and programs and various files, records and miscellaneous items and material. The purchase price for such assets approved by the Bankruptcy Court was $313,333.00. The Chairman and Chief Executive Officer of BN Air, Inc., is Jeffrey R. Chodorow, who is a director of the Company and of BIA-Cor Holdings, Inc., which is the majority shareholder of the Company.

Braniff is in the process of liquidating its remaining assets which include certain spare parts and ground equipment.

Substantially all of Braniff's debt and lease obligations are in default under the terms of the applicable loan and lease agreements. From the date of filing, default remedies are stayed and other contractual obligations may not be enforced against Braniff.

Pursuant to the relevant provisions of the Bankruptcy Code, liabilities arising prior to the filing of the petition under Chapter 11 of the Bankruptcy Code may not be paid without prior approval of the Bankruptcy Court. Certain pre-petition liabilities have subsequently have been paid upon approval from the Bankruptcy Court. These liabilities include certain wages, salaries and expense reports for active employees. In addition certain airport facility rents, landing fees, ground equipment rents and long term debt have been settled in connection with the sale or return of the related facilities and assets or the assumption and assignment of the relevant agreements.

Certain parties to executory contracts, including leases, with Braniff may file a motion with the Bankruptcy Court seeking to require Braniff to assume or reject those contracts. Assumption of a contract requires Braniff, among other things, to cure defaults under such contract. Rejection of a contract, which may be done if the contract is found to be onerous and burdensome, constitutes a breach of that contract as of the moment immediately preceding the bankruptcy filing, giving the other party the right to assert a general unsecured claim against the bankruptcy estate for damages arising out of the breach provided however that the creditor may also have an administrative expense claim for the period subsequent to the filing of the petition and prior to the rejection or return of the goods. Braniff has been reviewing its executory contracts and has from time to time assumed or rejected specific contracts.

The following table summarizes estimated pre-petition liabilities as of January 31, 1991 subject to Chapter 11 reorganization proceedings (in thousands):

Accounts Payable	$116,519
Notes Payable	22,326
Accrued Compensation	7,396
Accrued Aircraft Rent	0
Accrued Interest	9,485
Air Traffic Liability	5,021

Other Accrued Expenses	12,261
Long Term Debt	127,932
Accrued Aircraft Maintenance	9,919
Other Non-current Liabilities	3,043
Deferred Federal Income Tax	1,000
Other	12,639
Convertible Debentures	12,720
	$340,261

In addition, other claims may be submitted and may require significant litigation to resolve.

Braniff expects that a portion of its receivables may be subject to set off against an equal amount of estimated unsecured payables. The issue of set off ultimately will be resolved by the Bankruptcy Court.

See the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1991 for information regarding the Registrant and its petition pursuant to Chapter 11 of the Bankruptcy Code.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The undersigned has signed this report in his capacity as chief executive officer appointed by the Bankruptcy Court only on behalf of the Registrant and not in any individual capacity. The undersigned provides no assurance that he knows the financial information provided herein to be correct.

Date: March 4, 1992

BRANIFF, INC.

By: David R. Murchison
David R. Murchison, Chief Executive Officer Appointed by the Bankruptcy Court